

**IOWA CENTRAL COMMUNITY COLLEGE**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS**

**June 30, 2012**

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## OFFICIALS

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
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### Board of Directors

Mark Crimmins	President	2013
Larry Hecht	Vice President	2013
Thomas Chelesvig	Member	2015
Garland Hanson	Member	2013
Deborah Loerch	Member	2015
Darrell Determann	Member	2015
Connie Smith	Member	2015
Douglas McDermott	Member	2015
Terry Wessels	Member	2013

### Community College

Dr. Daniel Kinney	President
Thomas Beneke	Vice President
James Kersten	Vice President
Laurie Hendricks	Vice President
Angie Martin	Vice President
Dave Grosland	Vice President
Karen Lombard	Board Secretary/Treasurer

**IOWA CENTRAL COMMUNITY COLLEGE**



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Iowa Central Community College  
Fort Dodge, Iowa 50501

We have audited the accompanying financial statements of Iowa Central Community College, Fort Dodge, Iowa, and its discretely presented component unit as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements listed in the table of contents. These financial statements are the responsibility of Iowa Central Community College's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Iowa Central Community College and its discretely presented component unit at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2012 on our consideration of Iowa Central Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 10 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iowa Central Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the ten years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of Iowa Central Community College's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in blue ink that reads "Schnur & Company LLP." The signature is written in a cursive, flowing style.

Fort Dodge, Iowa  
December 22, 2012

## **IOWA CENTRAL COMMUNITY COLLEGE**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Iowa Central Community College provides this Management's Discussion and Analysis of its annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

### **FINANCIAL HIGHLIGHTS**

- College operating revenues decreased in FY12. The primary reason for the decrease was a reduction in federal grant revenues. In addition, tuition revenue increased due to the increase in the tuition rate per credit hour. Auxiliary enterprises revenues increased due to the increase in the number of students in College housing and increase in testing volume in the Fuel Testing Lab.
- College operating expenses increased in FY12 due to salary and benefit increases and the increase in part-time salaries because of the increase in student enrollment, the increase in distance-learning expenses, the increase in professional services and the increase in materials and supplies. Older buildings and the deferral of maintenance and repair of buildings over the years, and the addition of new buildings, continues to cause higher physical facility expenditures for building maintenance and repairs.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the College's budget for the year, and Supplementary Information provides detailed information about the individual funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

#### *The Statement of Net Assets*

The Statement of Net Assets presents the assets, liabilities, and net assets of the College as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

	Net Assets	
	June 30,	
	2012	2011
Current and other assets	\$ 39,031,906	\$ 30,143,945
Capital assets, net of accumulated depreciation	58,393,519	55,506,534
Total assets	97,425,425	85,650,479
Current liabilities	16,938,029	16,859,519
Noncurrent liabilities	48,735,154	35,925,906
Total liabilities	65,673,183	52,785,425
Net assets:		
Invested in capital assets, net of related debt	16,478,519	25,326,534
Restricted	2,983,232	2,578,954
Unrestricted	12,290,491	4,959,566
Total net assets	\$ 31,752,242	\$ 32,865,054

Invested in capital assets (e.g., land, buildings, and equipment), net of related debt, and represents 52% of the College's net assets. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (9%) includes resources that are subject to external restrictions. The College's unrestricted net assets (39%) can be used to meet the College's obligations as they come due.

#### *Statement of Revenues, Expenses and Changes in Net Assets*

Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (Continued)

#### *Statement of Revenues, Expenses and Changes in Net Assets (Continued)*

In general, a public college such as Iowa Central Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituents of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the College. Non-operating revenues are revenues received for which goods and services are not provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

#### Changes in Net Assets

	Year ended June 30	
	2012	2011
Operating revenue:		
Tuition and fees	\$ 16,171,744	\$ 15,901,713
Federal appropriations	2,575,557	3,549,641
Iowa Industrial New Jobs Training Program	763,740	908,341
Auxiliary	12,520,150	11,343,782
Sales and services	1,017,569	1,298,479
Miscellaneous	308,335	358,697
Total operating revenue	33,357,095	33,360,653
Total operating expenses	60,278,869	58,851,138
Operating loss	(26,921,774)	(25,490,485)
Nonoperating revenues (expenses):		
State appropriations	10,482,371	11,118,078
Pell grant	11,133,390	11,337,270
Property tax	5,740,825	6,138,495
Interest income on investments	65,123	65,424
Loss on disposal of capital assets	(7,200)	-
Interest on indebtedness	(1,605,547)	(1,640,652)
Net nonoperating revenues	25,808,962	27,018,615
Increase (decrease) in net assets	(1,112,812)	1,528,130
Net assets beginning of year	32,865,054	31,336,924
Net assets end of year	\$ 31,752,242	\$ 32,865,054

The Statement of Revenues, Expenses and Changes in Net Assets reflects a decrease in the net assets at the end of the fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (Continued)

#### *Total Revenue by Source*

In fiscal year 2012, operating revenues increased as a result of the following:

- Tuition and fees increased due to the increase in enrollment and the resident tuition rate increased from \$120 per credit hour in FY11 to \$126 per credit hour in FY12.
- Auxiliary enterprises revenue increased due to the enrollment increase, the increase in students in College housing, and the increase in premium dollars in the College self-funded employee health plan.
- Plant fund revenue decreased due to a decrease in transfers and receiving an extension to request Accelerated Career infrastructure funds from the State.

#### Operating Expenses

	Year ended June 30	
	2012	2011
Education and support:		
Liberal arts and sciences	\$ 8,862,692	\$ 8,882,784
Vocational technical	7,524,200	7,391,061
Adult education	2,480,269	2,610,950
Cooperative services	1,169,975	1,454,534
Administration	1,742,305	1,534,349
Student services	5,605,487	5,329,183
Learning resources	581,986	596,031
Physical plant	5,162,986	4,869,646
General institution	7,877,384	8,705,483
Auxiliary enterprises	12,191,960	9,816,047
Scholarships and grants	3,522,840	4,349,297
Workforce Investment Act	68,633	102,334
Administrative and collection costs	1,177,737	1,223,218
Depreciation	2,310,415	1,986,221
Total	\$ 60,278,869	\$ 58,851,138

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES (Continued)

#### *Total Expenses*

In fiscal year 2012, operating expenses increased as a result of the following:

- Moderate salary and benefit increases.
- Additional part-time salaries due to increased student enrollment.
- Additional maintenance and increased utility costs due to expansion and remodeling of existing facilities and the addition of new buildings and continued costly maintenance and repair of aging facilities.
- Increase in housing expenses due to additional College housing.
- Increase in fuel testing expenses due to increase in testing volume for the Fuel Testing Lab.
- Increase in medical and dental payments in the College self-funded employee health plan.

#### *Statement of Cash Flows*

A statement included in Iowa Central Community College's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping users assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

#### **Cash Flows**

	<b>Year ended June 30</b>	
	<b>2012</b>	<b>2011</b>
Cash provided (used) by:		
Operating activities	\$ (23,384,544)	\$ (19,993,810)
Non-capital financing activities	27,465,695	27,328,330
Capital and related financing activities	5,175,076	(7,946,634)
Investing activities	65,123	65,424
Net (decrease) in cash	9,321,350	(546,690)
Cash beginning of year	17,398,263	17,944,953
Cash end of year	\$ 26,719,613	\$ 17,398,263

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations and local property tax received by the College. Cash used by capital and related financing activities represents the principal payments of debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### CAPITAL ASSETS

At June 30, 2012, the College had approximately \$58.4 million invested in capital assets, net of accumulated depreciation of approximately \$23.4 million. Depreciation charges totaled \$2,310,415 for FY12. Details of the capital assets are shown below.

#### Capital Assets, Net, at Year-End

	June 30,	
	2012	2011
Land	\$ 1,711,616	\$ 1,711,616
Buildings	47,567,388	45,667,007
Construction in progress	3,939,153	2,442,367
Improvements other than buildings	2,822,816	3,096,585
Equipment and vehicles	2,352,546	2,588,959
	<u>\$ 58,393,519</u>	<u>\$ 55,506,534</u>

Major capital expenditures for fiscal year ending June 30, 2012, included completion of construction of the Dyno Building, the Physical Facilities Building and the purchase and remodeling of the Woodruff Family Residence Hall.

Planned capital expenditures for the fiscal year ending June 30, 2013 and beyond include completion of construction of the Triton Café, student housing remodeling, Culinary Arts remodeling, and the purchase and remodeling of the Iowa Central East Campus.

More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

### DEBT

At June 30, 2012, the College had approximately \$46.9 million in debt outstanding, an increase of \$12,150,000 from fiscal year 2011. The table below summarizes these amounts by type.

#### Outstanding Debt

	June 30,	
	2012	2011
Certificates payable	\$ 5,010,000	\$ 4,595,000
Capital loan notes payable	9,315,000	2,095,000
Bonds payable	32,600,000	28,085,000
	<u>\$ 46,925,000</u>	<u>\$ 34,775,000</u>

More detailed information about the College's outstanding debt is presented in Note 5 to the financial statements.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **ECONOMIC FACTORS**

Iowa Central Community College continued to improve its financial position during the current fiscal year. Maintaining the current good condition of the economy in the state and maintaining the continued increases in student enrollment are a concern for College officials. Some of the realities that may potentially become challenges for the College to meet are:

- State general aid from 2011-2012 to 2012-2013 increased 9 percent which represents 26 percent of the general fund revenue.
- Expenses will continue to increase due to salary and benefit increases, increases in costs of professional services and costs of materials and supplies.
- The College will continue to expand distance-learning opportunities in FY12 and beyond and is involved with school districts in the operation of Alternative High Schools and Charter Schools. The College works in joint partnership with Barker Educational Services Team (BEST) to offer students a variety of programs via the 8-Week Online Program through the Distance Learning Office.
- The start-up of new programs is expensive. New programs to be started in FY12 and beyond include Automotive Restoration and Professional Photography.
- Aging facilities at the College require constant maintenance and upkeep. The increase in number of buildings creates increased utility costs, maintenance and upkeep expenses.
- Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.
- Property tax revenue to support the College operating fund for 2012-2013 will increase 4.3 percent. Property tax revenue in 2004-2005 decreased 15 percent due to reduced farmland valuation. However, this reduction was recovered in 2009-2010 to a level just above the 2003-2004 amount.

The College anticipates the current fiscal year will be much like the last and will monitor resources to maintain the College's ability to react to unknown issues.

### **CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Central Community College, One Triton Circle, Fort Dodge, IA 50501.

**IOWA CENTRAL COMMUNITY COLLEGE**

## **BASIC FINANCIAL STATEMENTS**

**IOWA CENTRAL COMMUNITY COLLEGE**

**Exhibit A**

**STATEMENT OF NET ASSETS**

**June 30, 2012**

<b>ASSETS</b>	<b>Primary Government</b>	<b>Component Unit</b>
Current assets:		
Cash and pooled investments	\$ 26,719,613	\$ 4,026,661
Receivables:		
Accounts	2,082,349	-
Capital campaign	-	180,206
Property tax:		
Succeeding year	5,639,776	-
Iowa Industrial New Jobs Training Program	1,612,239	-
Due from other governments	913,130	-
Inventories	954,587	-
Prepaid expenses	249,330	-
<b>Total current assets</b>	<b>38,171,024</b>	<b>4,206,867</b>
Noncurrent assets:		
Receivables:		
Iowa Industrial New Jobs Training Program	860,882	-
Capital campaign	-	277,019
Non-depreciable capital assets	5,650,769	1,919,000
Depreciable capital assets, net of accumulated depreciation	52,742,750	565,520
<b>Total noncurrent assets</b>	<b>59,254,401</b>	<b>2,761,539</b>
<b>Total assets</b>	<b>97,425,425</b>	<b>6,968,406</b>



**IOWA CENTRAL COMMUNITY COLLEGE**

**Exhibit A  
(Continued)**

**STATEMENT OF NET ASSETS  
June 30, 2012**

<b>LIABILITIES</b>	<b>Primary Government</b>	<b>Component Unit</b>
<b>Current liabilities:</b>		
Accounts payable	\$ 315,292	\$ 2,025
Salaries and benefits payable	983,796	-
Interest payable	81,259	-
Deferred revenue:		
Succeeding year property tax	5,639,776	-
Other	4,020,649	-
Compensated absences	466,780	-
Deposits held in custody for others	1,055,477	-
Certificates payable	1,195,000	-
Capital loan notes payable	1,005,000	-
Bonds payable	2,175,000	-
<b>Total current liabilities</b>	<b>16,938,029</b>	<b>2,025</b>
<b>Noncurrent liabilities:</b>		
Certificates payable	3,815,000	-
Capital loan notes payable	8,310,000	-
Bonds payable	30,425,000	-
Net OPEB liability	6,185,154	-
<b>Total noncurrent liabilities</b>	<b>48,735,154</b>	<b>-</b>
<b>Total liabilities</b>	<b>65,673,183</b>	<b>2,025</b>
<b>Net assets</b>		
Invested in capital assets, net of related debt	16,478,519	-
Restricted:		
Nonexpendable:		
Scholarships and fellowships	-	3,255,149
Expendable:		
Capital campaign	-	457,225
Scholarships and fellowships	43,248	3,254,007
Loans	4,992	-
Cash reserve	319,603	-
Other	2,615,389	-
Unrestricted	12,290,491	-
<b>Total net assets</b>	<b>\$ 31,752,242</b>	<b>\$ 6,966,381</b>

See notes to financial statements.

## IOWA CENTRAL COMMUNITY COLLEGE

Exhibit B

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**Year Ended June 30, 2012**

	<b>Primary Government</b>	<b>Component Unit</b>
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$6,489,118	\$ 16,171,744	\$ -
Federal appropriations	2,575,557	-
Iowa Industrial New Jobs Training Program	763,740	-
Auxiliary enterprises revenue, net of scholarship allowances of \$1,999,049	12,520,150	-
Sales and services	1,017,569	-
Farm income	-	211,937
Miscellaneous	308,335	-
Contributions and pledges	-	1,058,748
<b>Total operating revenues</b>	<b>33,357,095</b>	<b>1,270,685</b>
Operating expenses:		
Education and support:		
Liberal arts and science	8,862,692	-
Vocational technical	7,524,200	-
Adult education	2,480,269	-
Cooperative services	1,169,975	-
Administration	1,742,305	-
Student services	5,605,487	-
Learning resources	581,986	-
Physical plant	5,162,986	-
General institution	7,877,384	-
Auxiliary enterprises	12,191,960	-
Scholarships and grants	3,522,840	165,362
Workforce Investment Act	68,633	-
Administrative and collection costs	1,177,737	-
Depreciation	2,310,415	11,740
Farm expenses	-	193,073
Management and general expenses	-	114,918
<b>Total operating expenses</b>	<b>60,278,869</b>	<b>485,093</b>
<b>Operating income (loss)</b>	<b>(26,921,774)</b>	<b>785,592</b>

(Continued on next page)

**IOWA CENTRAL COMMUNITY COLLEGE****Exhibit B  
(Continued)****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
Year Ended June 30, 2012**

	<b>Primary Government</b>	<b>Component Unit</b>
Nonoperating revenues (expenses):		
State appropriations	\$ 10,482,371	\$ -
Pell grant	11,133,390	-
Property tax	5,740,825	-
Interest income from investments	65,123	66,849
Interest on indebtedness	(1,605,547)	-
Loss on disposal of capital assets	(7,200)	-
Realized and unrealized loss on investments	-	(128,965)
<b>Net nonoperating revenues (expenses)</b>	<b>25,808,962</b>	<b>(62,116)</b>
Change in net assets	(1,112,812)	723,476
Net assets beginning of year	32,865,054	6,242,905
Net assets end of year	<u>\$ 31,752,242</u>	<u>\$ 6,966,381</u>

See notes to financial statements.

**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2012**

<b>Cash Flows from Operating Activities:</b>	
Tuition and fees	\$ 16,171,744
Federal appropriations	2,879,998
Iowa Industrial New Jobs Training Program	780,295
Payments to employees for salaries and benefits	(25,166,868)
Payments to suppliers for goods and services	(27,144,789)
Payments to NJTP recipients	(2,324,225)
Scholarships	(3,522,840)
Auxiliary enterprise receipts	12,520,150
Other receipts	2,421,991
<b>Net cash used by operating activities</b>	<b>(23,384,544)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
State appropriations	10,482,371
Pell grant	11,133,390
Property tax	5,740,825
Agency Fund receipts	20,927,143
Agency Fund disbursements	(20,982,811)
Interest paid on debt	(250,223)
Borrowings on debt	1,410,000
Principal paid on debt	(995,000)
<b>Net cash provided by non-capital financing activities</b>	<b>27,465,695</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition of capital assets	(5,204,600)
Interest paid on debt	(1,355,324)
Borrowings on debt	25,650,000
Principal paid on debt	(13,915,000)
<b>Net cash provided by capital and related financing activities</b>	<b>5,175,076</b>
<b>Cash Flows from Investing Activities:</b>	
Interest on investments	65,123
<b>Net cash provided by investing activities</b>	<b>65,123</b>
<b>Net increase in cash</b>	<b>9,321,350</b>
Cash beginning of year	17,398,263
Cash end of year	\$ 26,719,613

(Continued on next page)

**IOWA CENTRAL COMMUNITY COLLEGE****Exhibit C  
(Continued)****STATEMENT OF CASH FLOWS****Year Ended June 30, 2012**

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Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (26,921,774)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	2,310,415
Changes in assets and liabilities:	
Decrease in accounts receivable	619,309
Decrease in NJTP receivable	16,555
Decrease in due from other governments	62,696
Increase in inventories	(191,319)
Decrease in prepaid expenses	(73,852)
Decrease in accounts payable	(1,560,485)
Decrease in salaries payable	(29,484)
Decrease in interest payable	(40,732)
Decrease in deferred revenue	718,523
Increase in Net OPEB liability	1,659,248
Increase in compensated absences	<u>46,356</u>
<b>Total adjustments</b>	<u>3,537,230</u>
<b>Net cash used by operating activities</b>	<u><u>\$ (23,384,544)</u></u>

See Notes to Financial Statements.

## **IOWA CENTRAL COMMUNITY COLLEGE**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies**

Iowa Central Community College is a publicly supported school established and operated by Merged Area V under the provisions of Chapter 260C of the Code of Iowa. The College offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. It also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Iowa Central Community College maintains campuses in Fort Dodge, Webster City, and Storm Lake, Iowa, and has its administrative offices in Fort Dodge. Iowa Central Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area V.

The College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### **A. Reporting Entity**

For financial reporting purposes, Iowa Central Community College has included all funds, organizations, agencies, boards, commissions and authorities. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Community College.

These financial statements present Iowa Central Community College (the primary government) and its component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its operational or financial relationships with the College. Certain disclosures about the component unit are not included because the component unit has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the College.

#### **Discrete Component Unit**

Iowa Central Community College Foundation is a legally separate, tax-exempt foundation. The Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Iowa Central Community College. The Foundation is governed by a Board of Directors who is appointed by the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Iowa Central Community College.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### B. Basis of Presentation

GASB Statement No. 35, establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following net asset categories:

Invested in Capital Assets, Net of Related Debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets:

*Nonexpendable* – Net assets subject to externally-imposed stipulations that they be maintained permanently by the College, including the College's permanent endowment funds.

*Expendable* – Net assets whose use by the College is subject to externally-imposed stipulations that can be fulfilled by actions of the College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets: Net assets that are not subject to externally-imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and general programs of the College.

GASB Statement No. 35 also requires the Statements of Net Assets, Revenues, Expenses and Changes in Net Assets, and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

#### C. Measurement Focus and Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The College applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities and Net Assets

Cash and Pooled Investments – Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amount of cash and, at the day of purchase, they have a maturity date not longer than three months.

Due from Other Governments – This represents state aid, grants and reimbursements due from the State of Iowa and grants and reimbursements due from the Federal government.

Inventories – Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Directors to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2012 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets – Capital assets, which include land, buildings and improvements, and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are defined by the College as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years:

<u>Assets</u>	<u>Amount</u>
Land, buildings and improvements	\$ 5,000
Equipment and vehicles	5,000



## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Assets, Liabilities and Net Assets (Continued)

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<b>Years</b>
Buildings and improvements	25-50
Equipment and vehicles	5-10

The College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements.

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue – Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets have not been spent for their intended purpose. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, and advanced student tuition.

Compensated Absences – College employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2012.

Refundable Advances on Student Loans – The Perkins Federal Loan program requires a return of federal capital contribution if the United States Government terminates the program.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, Health and Fitness Center, self-insurance program and athletics.

Summer Session – The College operates summer sessions during May, June and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Operating and Nonoperating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include state appropriations, Pell grants, property tax and interest income.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

### Note 2. Cash and Pooled Investments

The College's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk – The College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the College.

### Note 3. Inventories

The College's inventories at June 30, 2012 are as follows:

Type	Amount
Merchandise held for resale	<u>\$ 954,587</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2012 is as follows:

	Balance Beginning of Year	Additions	Transfers	Deletions	Balance End of Year
Capital assets not being depreciated:					
Land	\$ 1,711,616	\$ -	\$ -	\$ -	\$ 1,711,616
Construction in progress	2,442,367	4,536,794	(3,040,008)	-	3,939,153
<b>Total capital assets not being depreciated</b>	<b>4,153,983</b>	<b>4,536,794</b>	<b>(3,040,008)</b>	<b>-</b>	<b>5,650,769</b>
Capital assets being depreciated:					
Buildings	57,779,807	33,027	3,040,008	-	60,852,842
Improvements other than buildings	4,867,632	-	-	-	4,867,632
Equipment and vehicles	9,847,401	634,779	-	(67,712)	10,414,468
<b>Total capital assets being depreciated</b>	<b>72,494,840</b>	<b>667,806</b>	<b>3,040,008</b>	<b>(67,712)</b>	<b>76,134,942</b>
Less accumulated depreciation for:					
Buildings	12,112,800	1,172,654	-	-	13,285,454
Improvements other than buildings	1,771,047	273,769	-	-	2,044,816
Equipment and vehicles	7,258,442	863,992	-	(60,512)	8,061,922
<b>Total accumulated depreciation</b>	<b>21,142,289</b>	<b>2,310,415</b>	<b>-</b>	<b>(60,512)</b>	<b>23,392,192</b>
<b>Total capital assets being depreciated, net</b>	<b>51,352,551</b>	<b>(1,642,609)</b>	<b>3,040,008</b>	<b>(7,200)</b>	<b>52,742,750</b>
<b>Capital assets, net</b>	<b>\$ 55,506,534</b>	<b>\$ 2,894,185</b>	<b>\$ -</b>	<b>\$ (7,200)</b>	<b>\$ 58,393,519</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2012 is as follows:

	<b>Certificates Payable</b>	<b>Capital Loan Notes Payable</b>	<b>Bonds Payable</b>	<b>Net OPEB Liability</b>	<b>Total</b>
Balance, beginning of year	\$ 4,595,000	\$ 2,095,000	\$ 28,085,000	\$ 4,525,906	\$ 39,300,906
Additions	<b>1,410,000</b>	<b>8,190,000</b>	<b>17,460,000</b>	<b>1,659,248</b>	<b>28,719,248</b>
Reductions	<b>995,000</b>	<b>970,000</b>	<b>12,945,000</b>	-	<b>14,910,000</b>
Balance, end of year	<b>\$ 5,010,000</b>	<b>\$ 9,315,000</b>	<b>\$ 32,600,000</b>	<b>\$ 6,185,154</b>	<b>\$ 53,110,154</b>

#### Certificates Payable:

In accordance with agreements dated between June 1, 1998 and June 1, 2012, the College issued certificates totaling \$15,455,000 with interest rates ranging from 0.50% to 6.65%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries that are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 1,195,000	\$ 219,288	\$ 1,414,288
2014	1,100,000	160,065	1,260,065
2015	840,000	106,738	946,738
2016	650,000	67,515	717,515
2017	555,000	38,245	593,245
2018-2022	670,000	45,651	715,651
<b>Total</b>	<b>\$ 5,010,000</b>	<b>\$ 637,502</b>	<b>\$ 5,647,502</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Changes in Long-Term Debt (Continued)

#### Capital Loan Notes Payable:

The College has issued notes for the purchase and construction of student dormitories and other related student facilities as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2012 capital loan notes payable indebtedness are as follows:

Note Issuance of July 1, 2000				
Year Ending June 30,	Interest		Principal	Interest
	Rate			Total
2013	6.05	\$	135,000	\$ 17,012
2014	6.10		145,000	8,846
<b>Total</b>		\$	280,000	\$ 25,858

Note Issuance of October 1, 2001				
Year Ending June 30,	Interest		Principal	Interest
	Rate			Total
2013	4.60	\$	145,000	\$ 13,955
2014	4.70		155,000	7,284
<b>Total</b>		\$	300,000	\$ 21,239

Note Issuance of July 1, 2003				
Year Ending June 30,	Interest		Principal	Interest
	Rate			Total
2013	3.60	\$	275,000	\$ 20,445
2014	3.70		285,000	10,546
<b>Total</b>		\$	560,000	\$ 30,991

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Changes in Long-Term Debt (Continued)

#### Capital Loan Notes Payable (continued):

Note Issuance of March 1, 2004				
Year Ending June 30,	Interest		Interest	Total
	Rate	Principal		
2013	3.60	\$ 140,000	\$ 10,478	\$ 150,478
2014	3.75	145,000	5,439	150,439
<b>Total</b>		<b>\$ 285,000</b>	<b>\$ 15,917</b>	<b>\$ 300,917</b>

Note Issuance of September 19, 2011				
Year Ending June 30,	Interest		Interest	Total
	Rate	Principal		
2013	0.65	\$ 310,000	\$ 191,168	\$ 501,168
2014	0.85	310,000	189,152	499,152
2015	1.15	635,000	186,518	821,518
2016	1.40	650,000	179,214	829,214
2017	1.80	665,000	170,116	835,116
2018-2019	2.1-4.0	5,320,000	719,961	6,039,961
<b>Total</b>		<b>\$ 7,890,000</b>	<b>\$ 1,636,128</b>	<b>\$ 9,526,128</b>

#### Bonds Payable:

The College has issued bonds for the construction of student dormitories and other related student facilities as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2012 bonded indebtedness are as follows:

Bond Issuance of March 5, 2012				
Year Ending June 30,	Interest		Interest	Total
	Rate	Principal		
2013	1.0	\$ 920,000	\$ 97,006	\$ 1,017,006
2014	1.15	945,000	87,808	1,032,808
2015	1.35	960,000	76,940	1,036,940
2016	1.45	965,000	63,980	1,028,980
2017	1.65	990,000	49,988	1,039,988
2018-2020	1.85-2.3	1,655,000	61,852	1,716,852
<b>Total</b>		<b>\$ 6,435,000</b>	<b>\$ 437,573</b>	<b>\$ 6,872,573</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Changes in Long-Term Debt (Continued)

#### Bonds Payable (continued):

<b>Bond Issuance of March 5, 2012</b>				
<b>Year Ending June 30,</b>	<b>Interest</b>		<b>Interest</b>	<b>Total</b>
	<b>Rate</b>	<b>Principal</b>		
2013	1.00%	\$ 285,000	\$ 111,788	\$ 396,788
2014	1.15	290,000	108,938	398,938
2015	1.35	290,000	105,602	395,602
2016	1.45	295,000	101,688	396,688
2017	1.65	300,000	97,410	397,410
2018-2019	1.85-3.2	3,495,000	570,902	4,065,902
<b>Total</b>		<b>\$ 4,955,000</b>	<b>\$ 1,096,327</b>	<b>\$ 6,051,327</b>

<b>Bond Issuance of June 1, 2012</b>				
<b>Year Ending June 30,</b>	<b>Interest</b>		<b>Interest</b>	<b>Total</b>
	<b>Rate</b>	<b>Principal</b>		
2013	0.7	\$ 250,000	\$ 151,335	\$ 401,335
2014	0.8	250,000	149,585	399,585
2015	1.1	255,000	147,585	402,585
2016	1.3	255,000	144,780	399,780
2017	1.55	260,000	141,465	401,465
2018-2020	1.65-3.5	4,730,000	1,290,323	6,020,323
<b>Total</b>		<b>\$ 6,000,000</b>	<b>\$ 2,025,073</b>	<b>\$ 8,025,073</b>

<b>Bond Issuance of March 1, 2008</b>				
<b>Year Ending June 30,</b>	<b>Interest</b>		<b>Interest</b>	<b>Total</b>
	<b>Rate</b>	<b>Principal</b>		
2013	3.50	\$ 395,000	\$ 300,638	\$ 695,638
2014	3.50	410,000	286,812	696,812
2015	3.50	425,000	272,462	697,462
2016	3.50	440,000	257,588	697,588
2017	3.50	460,000	242,188	702,188
2018-2027	3.50	5,915,000	1,357,824	7,272,824
<b>Total</b>		<b>\$ 8,045,000</b>	<b>\$ 2,717,512</b>	<b>\$ 10,762,512</b>

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Changes in Long-Term Debt (Continued)

#### Bonds Payable (continued):

Year Ending June 30,	Bond Issuance of March 1, 2009			
	Interest	Principal	Interest	Total
2013	4.00	\$ 325,000	\$ 293,184	\$ 618,184
2014	4.00	335,000	280,184	615,184
2015	4.00	345,000	266,784	611,784
2016	4.00	360,000	252,984	612,984
2017	4.00	370,000	238,584	608,584
2018-2028	4.00	5,430,000	1,881,648	7,311,648
<b>Total</b>		<b>\$ 7,165,000</b>	<b>\$ 3,213,368</b>	<b>\$ 10,378,368</b>

### Note 6. Operating Leases

The College has leased various facilities and equipment. These leases have been classified as operating leases and accordingly, all rents are charged as incurred. The leases expire between 2012 and 2020 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2012:

Year Ending June 30	Amount
2013	\$ 200,523
2014	87,185
2015	64,633
2016	25,901
2017	15,444
Thereafter	31,200
<b>Total</b>	<b>\$ 424,886</b>

Rents for the year ended June 30, 2012 for all operating leases, except those with terms of a month or less which were not renewed, totaled \$259,597.



## NOTES TO FINANCIAL STATEMENTS

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### **Note 7. Iowa Public Employees Retirement System (IPERS)**

The College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and the College is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The College's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$859,547, \$771,351 and \$645,052, respectively, equal to the required contributions for each year.

### **Note 8. Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF)**

The College contributes to the TIAA-CREF retirement program that is a defined contribution plan. TIAA administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 5.38% and the College is required to contribute 8.07%. The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2012 were \$515,862 and \$315,859, respectively.

### **Note 9. Other Postemployment Benefits (OPEB)**

Plan Description - The College operates a single-employer retiree benefit plan that provides medical/prescription drug benefits for retirees and their spouses. There are 316 active and 38 retired members in the plan. Retired participants must be age 55 or older at retirement.

The College pays the employer share of premiums for both single and family coverage for active employees and purchases the fully insured benefits through its self-funded group insurance plan. Upon retirement, the retiree can continue his/her health coverage. The College pays the required premium. The Plan coverage terminates upon reaching Medicare eligibility age 65.

Funding Policy - The contribution requirements of plan members are established and may be amended by the College. The College currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Other Postemployment Benefits (OPEB) (Continued)

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution (ARC)	\$ 2,040,884
Interest on Net OPEB	113,148
Adjustments to Net OPEB	(169,481)
Annual OPEB cost	1,984,551
Contributions made	(325,303)
Increase in net OPEB obligation	1,659,248
Net OPEB obligation beginning of year	4,525,906
Net OPEB obligation end of year	<u>\$ 6,185,154</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2010. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2012 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 1,848,591	0%	\$ 1,848,591
June 30, 2010	141,362	0%	1,989,953
June 30, 2011	2,903,323	13%	4,525,906
June 30, 2012	1,984,551	16%	6,185,154

**Funded Status and Funding Progress** - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was approximately \$10.71 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$10.71 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$14,659,000 and the ratio of the UAAL to covered payroll was 73%. As of June 30, 2012, there were no trust fund assets.

**Actuarial Methods and Assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

## **NOTES TO FINANCIAL STATEMENTS**

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### **Note 9. Other Postemployment Benefits (OPEB) (Continued)**

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2010 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.50% discount rate based on the College's funding policy. The projected annual health cost trend rate is 6%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2009 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2009.

### **Note 10. New Jobs Training Programs**

The College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area V in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries that are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the College administered one hundred three projects with twenty-one currently receiving project funding. Ten of the remaining projects have been completed and only repayment of the certificates is left. The remaining seventy-two projects have been completed and the certificates have been paid. In cases where projects exceed the budgeted amounts, the college intends to obtain additional withholding revenue from the companies.

### **Note 11. Early Retirement and Contingent Liability**

Full-time staff that are at least the age of 55 and who have at least 10 years of continuous service with the College are eligible for the early retirement incentive program. Early retirement begins at the end of the employee's contract.

Early retirement is funded on a pay-as-you-go basis through property tax levies. The College's early retirement expense for the year ended June 30, 2012 was \$181,865.

## NOTES TO FINANCIAL STATEMENTS

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### Note 12. Risk Management

Iowa Central Community College carries commercial insurance purchased from insurers for coverage associated with torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### Note 13. Deficit Fund Balance

The College has a deficit balance in the funds as listed below as of June 30, 2012. Management believes that future transfers from unrestricted current funds will eliminate these deficit balances.

Unrestricted Fund:	
Career Education	(228,735)
Miscellaneous	(58,402)

### Note 14. Self-Insurance Program

Effective July 1, 2000, the College has a self-insurance program for hospitalization and medical coverage for its employees. The College limits its losses through the use of stop-loss policies from insurers. Specific individual losses for claims are limited to \$100,000 per year. The College's aggregate annual loss limitation is based on a formula that considers, among other things, the total number of employees and was limited to \$3,674,265 in claims as of June 30, 2012. For the year ended June 30, 2012, the College paid \$4,226,640 under the program, which includes health and dental claims, life and long-term disability premiums, and administrative costs.

### Note 15. Subsequent Events

Subsequent events have been evaluated through December 22, 2012, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

On July 31, 2012, the College entered into a contract to purchase cafeteria building equipment. The total cost of the contract was \$864,916.

On August 31, 2012 the College entered into a contract to purchase real estate for \$1,300,000. This real estate will be part of the College's east campus in Fort Dodge, Iowa.

On December 13, 2012, the College entered into a general obligation refunding school bonds totaling \$3,775,000. Interest is payable on the bonds semi-annually, and the bonds mature beginning in June 2016 through June 2028.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**IOWA CENTRAL COMMUNITY COLLEGE**

**SCHEDULE OF FUNDING PROGRESS  
FOR THE RETIREE HEALTH PLAN  
(In Thousands)**

**Required Supplementary Information**

<b>Year-Ended June 30,</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
2009	July 1, 2008	\$ -	\$ 9,996	\$ 9,996	0%	\$ 12,797	78%
2010	July 1, 2008	-	9,996	9,996	0%	13,496	74%
2011	July 1, 2010	-	10,710	10,710	0%	14,089	76%
2012	July 1, 2010	-	10,710	10,710	0%	14,659	73%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, and the funded status and funding progress.

See accompanying Independent Auditor's Report.

## **SUPPLEMENTARY INFORMATION**

## IOWA CENTRAL COMMUNITY COLLEGE

### NOTE TO SUPPLEMENTARY INFORMATION

June 30, 2012

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Supplementary information of the College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. The various fund groups and their designated purposes are as follows:

Current Funds – The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the College and consist of the following:

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the College.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the College.

Restricted Fund – The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by the federal government.

Endowment Funds – The Endowment Funds are used to account for resources, the principal of which is maintained inviolate to conform with restrictions by donors or other outside agencies. Generally, only the income from these funds may be used.

Plant Funds – The Plant Funds are used to account for transactions relating to investment in the College properties, and consist of the following self-balancing accounts:

Unexpended – This account is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Investment in Plant – This account is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds – The Agency Funds are used to account for assets held by the College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities.

The Budgetary Comparison Schedule of Expenditures – Budget to Actual provides a comparison of the budget to actual expenditures for those funds and/or levies required to be budgeted. Since Iowa Central Community College uses Business-Type Activities reporting, this budgetary comparison information is included as other supplementary information.

Schedules presented in other supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balances is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.



**BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES -  
BUDGET AND ACTUAL**

**Year Ended June 30, 2012**

<b>Funds/Levy</b>	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance Between Actual and Amended Budget</b>
Unrestricted	\$ 35,270,000	\$ 35,650,000	\$ 35,167,659	\$ 482,341
Restricted	6,379,000	8,139,000	3,931,899	4,207,101
Unemployment	50,000	40,000	35,642	4,358
Tort liability	430,000	400,000	379,721	20,279
Insurance	400,000	400,000	340,618	59,382
Early retirement	400,000	400,000	181,865	218,135
Equipment replacement	750,000	900,000	429,461	470,539
<b>Total restricted</b>	<b>8,409,000</b>	<b>10,279,000</b>	<b>5,299,206</b>	<b>4,979,794</b>
Plant	4,085,000	9,385,000	6,430,578	2,954,422
Bonds and interest	1,314,722	1,314,722	957,212	357,510
<b>Total</b>	<b>\$ 49,078,722</b>	<b>\$ 56,628,722</b>	<b>\$ 47,854,655</b>	<b>\$ 8,774,067</b>

**Note to Budgetary Reporting:**

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the College on a basis consistent with U. S. generally accepting accounting principles. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operation expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Workforce Improvement Act, Scholarships and Grants Accounts, Loan Funds, Endowment Funds and Agency Funds.

For the year ended June 30, 2012, the College's expenditures did not exceed the amount budgeted.

See accompanying Independent Auditor's Report.

**IOWA CENTRAL COMMUNITY COLLEGE**

**BALANCE SHEET - ALL FUNDS**

**June 30, 2012**

<b>Assets</b>	<b>Current Funds</b>		<b>Loan Funds</b>
	<b>Unrestricted</b>	<b>Restricted</b>	
Cash and pooled investments	\$ 5,818,582	\$ 7,279,260	\$ 4,992
Receivables:			
Accounts	2,082,349	-	-
Property tax:			
Succeeding year	1,385,287	1,555,624	-
Iowa Industrial New Jobs Training Program	-	2,473,121	-
Due from other funds	6,021,169	1,850,754	-
Due from other governments	435,650	477,480	-
Inventories	954,587	-	-
Prepaid expenses	249,330	-	-
Capital assets:			
Land	-	-	-
Buildings	-	-	-
Construction in progress	-	-	-
Improvements other than buildings	-	-	-
Equipment and vehicles	-	-	-
Accumulated depreciation	-	-	-
<b>Total assets</b>	<b>\$ 16,946,954</b>	<b>\$ 13,636,239</b>	<b>\$ 4,992</b>

See accompanying Independent Auditor's Report.

**Schedule 2**

<b>Plant Funds</b>		<b>Agency Funds</b>	<b>Adjustments</b>	<b>Total</b>
<b>Unexpended</b>	<b>Investment in Plant</b>			
\$ 13,512,834	\$ -	\$ 103,945	\$ -	\$ 26,719,613
-	-	-	-	2,082,349
2,698,865	-	-	-	5,639,776
-	-	-	-	2,473,121
-	-	951,532	(8,823,455)	-
-	-	-	-	913,130
-	-	-	-	954,587
-	-	-	-	249,330
-	1,711,616	-	-	1,711,616
-	60,852,842	-	-	60,852,842
-	3,939,153	-	-	3,939,153
-	4,867,632	-	-	4,867,632
-	10,414,468	-	-	10,414,468
-	-	-	(23,392,192)	(23,392,192)

\$ 16,211,699	\$ 81,785,711	\$ 1,055,477	\$ (32,215,647)	\$ 97,425,425
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**IOWA CENTRAL COMMUNITY COLLEGE**

**BALANCE SHEET - ALL FUNDS**

**June 30, 2012**

<b>Liabilities and Fund Balances</b>	<b>Current Funds</b>		<b>Loan Funds</b>
	<b>Unrestricted</b>	<b>Restricted</b>	
<b>Liabilities:</b>			
Accounts payable	\$ 315,292	\$ -	\$ -
Salaries and benefits payable	983,796	-	-
Interest payable	10,623	18,275	-
Due to other funds	5,584,464	91,664	-
Deferred revenue:			
Succeeding year property tax	1,385,287	1,555,624	-
Other	38,213	3,982,436	-
Compensated absences	466,780	-	-
Deposits held in custody for others	-	-	-
Certificates payable	-	5,010,000	-
Capital loan notes payable	-	-	-
Bonds payable	-	-	-
Net OPEB Liability	-	-	-
<b>Total liabilities</b>	<b>8,784,455</b>	<b>10,657,999</b>	<b>-</b>
<b>Fund balances:</b>			
Invested in capital assets, net of related debt	-	-	-
Restricted:			
Expendable:			
Scholarships and fellowships	-	43,248	-
Loans	-	-	4,992
Cash reserve	-	319,603	-
Other	-	2,615,389	-
Auxiliary enterprises	5,711,482	-	-
Unrestricted	2,451,017	-	-
<b>Total fund balances</b>	<b>8,162,499</b>	<b>2,978,240</b>	<b>4,992</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,946,954</b>	<b>\$ 13,636,239</b>	<b>\$ 4,992</b>

See accompanying Independent Auditor's Report.

**Schedule 2  
(Continued)**

<b>Plant Funds</b>		<b>Agency Funds</b>	<b>Adjustments</b>	<b>Total</b>
<b>Unexpended</b>	<b>Investment in Plant</b>			
\$ -	\$ -	\$ -	\$ -	\$ 315,292
-	-	-	-	983,796
52,361	-	-	-	81,259
3,147,327	-	-	(8,823,455)	-
2,698,865	-	-	-	5,639,776
-	-	-	-	4,020,649
-	-	-	-	466,780
-	-	1,055,477	-	1,055,477
-	-	-	-	5,010,000
-	9,315,000	-	-	9,315,000
-	32,600,000	-	-	32,600,000
-	-	-	6,185,154	6,185,154
5,898,553	41,915,000	1,055,477	(2,638,301)	65,673,183
-	39,870,711	-	(23,392,192)	16,478,519
-	-	-	-	43,248
-	-	-	-	4,992
-	-	-	-	319,603
-	-	-	-	2,615,389
-	-	-	(166,631)	5,544,851
10,313,146	-	-	(6,018,523)	6,745,640
10,313,146	39,870,711	-	(29,577,346)	31,752,242
\$ 16,211,699	\$ 81,785,711	\$ 1,055,477	\$ (32,215,647)	\$ 97,425,425

**IOWA CENTRAL COMMUNITY COLLEGE**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**

**ALL FUNDS**

**Year Ended June 30, 2012**

	<b>Current Funds</b>		<b>Loan Funds</b>
	<b>Unrestricted</b>	<b>Restricted</b>	
Revenues:			
General:			
State appropriations	\$ 9,033,036	\$ 1,394,370	\$ -
Tuition and fees	22,660,862	-	-
Property tax	1,325,411	1,773,428	-
Federal appropriations	601,159	13,107,788	-
Sales and services	641,717	276,591	-
Interest on investments	46,851	18,272	-
Iowa Industrial New Jobs Training Program	-	763,740	-
Increase in plant investment due to plant expenditures	-	-	-
Miscellaneous	138,849	124,054	-
	<u>34,447,885</u>	<u>17,458,243</u>	<u>-</u>
Auxiliary enterprises:			
Tuition and fees	101,115	-	-
Sales and services	14,419,424	-	-
	<u>14,520,539</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>48,968,424</u>	<u>17,458,243</u>	<u>-</u>
Expenditures:			
Education and support:			
Liberal arts and science	8,601,990	-	-
Vocational technical	6,996,129	285,682	-
Adult education	2,006,421	352,068	-
Cooperative services	636,764	763,738	-
Administration	1,463,845	199,235	-
Student services	5,309,594	-	-
Learning resources	579,986	-	-
Physical plant	4,902,574	340,617	-
General institution	4,670,356	3,289,233	-
<b>Total education and support</b>	<u>35,167,659</u>	<u>5,230,573</u>	<u>-</u>

See accompanying Independent Auditor's Report.

Schedule 3

<b>Plant Funds</b>			
<b>Unexpended</b>	<b>Investment in Plant</b>	<b>Adjustments</b>	<b>Total</b>
\$ 54,965	\$ -	\$ -	\$ 10,482,371
-	-	(6,489,118)	16,171,744
2,641,986	-	-	5,740,825
-	-	-	13,708,947
172,742	-	(73,481)	1,017,569
-	-	-	65,123
-	-	-	763,740
-	5,204,600	(5,204,600)	-
45,432	-	-	308,335
2,915,125	5,204,600	(11,767,199)	48,258,654
-	-	-	101,115
-	-	(2,000,389)	12,419,035
-	-	(2,000,389)	12,520,150
2,915,125	5,204,600	(13,767,588)	60,778,804
-	-	260,702	8,862,692
-	-	242,389	7,524,200
-	-	121,780	2,480,269
-	-	(230,527)	1,169,975
-	-	79,225	1,742,305
-	-	295,893	5,605,487
-	-	2,000	581,986
-	-	(80,205)	5,162,986
-	-	(82,205)	7,877,384
-	-	609,052	41,007,284

**IOWA CENTRAL COMMUNITY COLLEGE**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
ALL FUNDS**

**Year Ended June 30, 2012**

	<b>Current Funds</b>		<b>Loan Funds</b>
	<b>Unrestricted</b>	<b>Restricted</b>	
Expenditures (Continued):			
Auxiliary enterprises	\$ 12,841,603	\$ -	\$ -
Scholarships and grants	-	12,011,007	-
Workforce Investment Act	-	68,633	-
Administrative and collection costs	-	-	-
Plant asset acquisitions	-	-	-
Disposal of plant assets	-	-	-
Loss on disposal of capital assets	-	-	-
Depreciation	-	-	-
Interest on indebtedness	-	-	-
<b>Total expenditures</b>	<b>48,009,262</b>	<b>17,310,213</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>959,162</b>	<b>148,030</b>	<b>-</b>
Transfers:			
Non-mandatory transfers	(1,746,248)	256,248	-
<b>Total transfers</b>	<b>(1,746,248)</b>	<b>256,248</b>	<b>-</b>
Net	(787,086)	404,278	-
Fund balances beginning of year	8,949,585	2,573,962	4,992
Fund balances end of year	<u>\$ 8,162,499</u>	<u>\$ 2,978,240</u>	<u>\$ 4,992</u>

See accompanying Independent Auditor's Report.



**Schedule 3  
(Continued)**

<b>Plant Funds</b>			
<b>Unexpended</b>	<b>Investment in Plant</b>	<b>Adjustments</b>	<b>Total</b>
\$ -	\$ -	\$ (649,643)	\$ 12,191,960
-	-	(8,488,167)	3,522,840
-	-	-	68,633
1,177,737	-	-	1,177,737
4,536,794	-	(4,536,794)	-
-	67,712	(67,712)	-
-	-	7,200	7,200
-	-	2,310,415	2,310,415
648,335	-	957,212	1,605,547
6,362,866	67,712	(9,858,437)	61,891,616
(3,447,741)	5,136,888	(3,909,151)	(1,112,812)
13,225,000	(11,735,000)	-	-
13,225,000	(11,735,000)	-	-
9,777,259	(6,598,112)	(3,909,151)	(1,112,812)
535,887	46,468,823	(25,668,195)	32,865,054
\$ 10,313,146	\$ 39,870,711	\$ (29,577,346)	\$ 31,752,242

**IOWA CENTRAL COMMUNITY COLLEGE**

**UNRESTRICTED FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES --  
EDUCATION AND SUPPORT  
Year Ended June 30, 2012**

	<b>Education</b>			
	<b>Liberal Arts and Sciences</b>	<b>Vocational Technical</b>	<b>Adult Education</b>	<b>Cooperative Services</b>
Revenues:				
State appropriations	\$ 5,210,310	\$ 2,687,418	\$ 1,135,308	\$ -
Tuition and fees	13,473,904	6,740,125	1,626,954	374,380
Property tax	-	-	-	-
Federal appropriations	2,500	367,657	166,693	32,242
Sales and services	1,255	33,860	209,328	-
Interest on investments	-	-	-	-
Miscellaneous	-	43,484	39,711	-
	18,687,969	9,872,544	3,177,994	406,622
Allocation of support services	1,208,947	713,854	368,441	11,514
<b>Total revenues</b>	<b>19,896,916</b>	<b>10,586,398</b>	<b>3,546,435</b>	<b>418,136</b>
Expenditures:				
Salaries and benefits	6,388,401	5,691,959	1,418,795	387,048
Services	2,116,147	353,094	384,474	227,001
Materials and supplies	84,919	746,644	121,165	38,964
Travel	12,031	70,936	21,037	2,572
Plant asset acquisitions	-	126,496	60,950	-
Loan cancellation and bad debts	-	-	-	(23,433)
Miscellaneous	492	7,000	-	4,612
	8,601,990	6,996,129	2,006,421	636,764
Allocation of support services	8,886,336	5,247,170	2,708,217	84,632
<b>Total expenditures</b>	<b>17,488,326</b>	<b>12,243,299</b>	<b>4,714,638</b>	<b>721,396</b>

Schedule 4

Support					Education and Support Total
General Adminis- tration	Student Services	Learning Resources	Physical Plant	General Institution	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,033,036
-	45,383	-	-	400,116	22,660,862
1,325,411	-	-	-	-	1,325,411
-	32,067	-	-	-	601,159
-	1,890	599	108,225	286,560	641,717
46,851	-	-	-	-	46,851
37,400	-	2,102	16,152	-	138,849
1,409,662	79,340	2,701	124,377	686,676	34,447,885
(1,409,662)	(79,340)	(2,701)	(124,377)	(686,676)	-
-	-	-	-	-	34,447,885
1,030,215	3,470,855	462,820	1,918,393	2,286,337	23,054,823
234,788	355,834	55,102	1,478,196	1,097,254	6,301,890
35,566	122,835	58,340	1,286,191	512,063	3,006,687
44,865	71,559	3,724	6,101	52,857	285,682
-	-	-	213,693	50,479	451,618
-	-	-	-	477,625	454,192
118,411	1,288,511	-	-	193,741	1,612,767
1,463,845	5,309,594	579,986	4,902,574	4,670,356	35,167,659
(1,463,845)	(5,309,594)	(579,986)	(4,902,574)	(4,670,356)	-
-	-	-	-	-	35,167,659

(Continued on next page)

**IOWA CENTRAL COMMUNITY COLLEGE**

**UNRESTRICTED FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES --**

**EDUCATION AND SUPPORT**

**Year Ended June 30, 2012**

	<b>Education</b>			
	<b>Liberal Arts and Sciences</b>	<b>Vocational Technical</b>	<b>Adult Education</b>	<b>Cooperative Services</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 2,408,590	\$ (1,656,901)	\$ (1,168,203)	\$ (303,260)
Transfers:				
Non-mandatory transfers	-	(85,475)	(800)	-
<b>Total transfers</b>	-	(85,475)	(800)	-
Net	\$ 2,408,590	\$ (1,742,376)	\$ (1,169,003)	\$ (303,260)
Fund balance beginning of year				
Fund balance end of year				

See accompanying Independent Auditor's Report.

**Schedule 4  
(Continued)**

<b>Support</b>					<b>Education and Support Total</b>
<b>General Adminis- tration</b>	<b>Student Services</b>	<b>Learning Resources</b>	<b>Physical Plant</b>	<b>General Institution</b>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (719,774)
-	(22,835)	-	-	1,032,411	923,301
-	(22,835)	-	-	1,032,411	923,301
\$ -	\$ (22,835)	\$ -	\$ -	\$ 1,032,411	203,527
					<u>2,247,490</u>
					<u>\$ 2,451,017</u>

**IOWA CENTRAL COMMUNITY COLLEGE**

**UNRESTRICTED FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES --**

**AUXILIARY ENTERPRISES**

**Year Ended June 30, 2012**

	<b>Bookstore</b>	<b>Career Education</b>	<b>Self- Insurance Program</b>	<b>Dormitories</b>
<b>Revenues:</b>				
Tuition and fees	\$ -	\$ -	\$ -	\$ 92,065
Sales and services	3,552,273	431,444	3,473,950	5,675,697
<b>Total revenues</b>	<b>3,552,273</b>	<b>431,444</b>	<b>3,473,950</b>	<b>5,767,762</b>
<b>Expenditures:</b>				
Salaries and benefits	166,932	-	-	347,694
Services	33,896	307,957	4,226,640	2,288,297
Materials and supplies	4,273	60,179	-	323,539
Travel	589	-	-	-
Plant asset acquisitions	-	8,500	-	16,600
Interest on indebtedness	-	-	-	706,989
Cost of goods sold	2,695,824	127,209	-	-
Miscellaneous	-	42,226	-	219,962
<b>Total expenditures</b>	<b>2,901,514</b>	<b>546,071</b>	<b>4,226,640</b>	<b>3,903,081</b>
<b>Excess of revenues over expenditures</b>	<b>650,759</b>	<b>(114,627)</b>	<b>(752,690)</b>	<b>1,864,681</b>
<b>Transfers:</b>				
Non-mandatory transfers	(754,731)	77,769	(5,346)	(1,987,241)
<b>Net</b>	<b>(103,972)</b>	<b>(36,858)</b>	<b>(758,036)</b>	<b>(122,560)</b>
<b>Fund balances beginning of year</b>	<b>980,517</b>	<b>(191,877)</b>	<b>2,893,913</b>	<b>3,108,757</b>
<b>Fund balances end of year</b>	<b>\$ 876,545</b>	<b>\$ (228,735)</b>	<b>\$ 2,135,877</b>	<b>\$ 2,986,197</b>

See accompanying Independent Auditor's Report.

# Schedule 5

<b>Miscellaneous</b>		<b>Total</b>	
\$	9,050	\$	101,115
	1,286,060		14,419,424
	1,295,110		14,520,539
	541,253		1,055,879
	316,468		7,173,258
	356,952		744,943
	327		916
	49,297		74,397
	-		706,989
	-		2,823,033
	-		262,188
	1,264,297		12,841,603
	30,813		1,678,936
	-		(2,669,549)
	30,813		(990,613)
	(89,215)		6,702,095
\$	(58,402)	\$	5,711,482

# IOWA CENTRAL COMMUNITY COLLEGE

## RESTRICTED FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2012

	Scholarships and Grants	Equipment Replacement	Insurance
Revenues:			
State appropriations	\$ 284,801	\$ -	\$ -
Property tax	-	589,323	377,824
Federal appropriations	11,335,882	-	-
Sales and services	-	-	-
Interest on investments	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-
Miscellaneous	124,054	-	-
<b>Total revenues</b>	<b>11,744,737</b>	<b>589,323</b>	<b>377,824</b>
Expenditures:			
Salaries and benefits	-	-	-
Services	-	-	333,621
Materials and supplies	-	181,864	-
Travel	-	-	-
Interest on indebtedness	-	-	-
Federal Pell Grant program	11,133,390	-	-
Federal Supplemental Educational Opportunity Grant	202,492	-	-
Iowa College Student Aid Commission	285,499	-	-
Academic Competitiveness Grant	-	-	-
Miscellaneous	389,626	247,597	6,997
<b>Total expenditures</b>	<b>12,011,007</b>	<b>429,461</b>	<b>340,618</b>
Excess (deficiency) of revenues over (under) expenditures	(266,270)	159,862	37,206
Transfers:			
Non-mandatory transfers	282,013	-	-
<b>Net</b>	<b>15,743</b>	<b>159,862</b>	<b>37,206</b>
Fund balance beginning of year	27,505	543,667	518,366
Fund balance end of year	\$ 43,248	\$ 703,529	\$ 555,572

See accompanying Independent Auditor's Report.



Early Retirement		Unemployment Compensation		Cash Reserve		Tort Liability		Workforce Investment Act		Iowa Industrial New Jobs Training Program	
\$	-	\$	-	\$	-	\$	-	\$	1,492	\$	-
	356,060		50,206		-		400,015		-		-
	-		-		-		-		67,141		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		763,740
	-		-		-		-		-		-
	356,060		50,206		-		400,015		68,633		763,740
	181,865		35,642		-		379,721		-		-
	-		-		-		-		55,427		513,517
	-		-		-		-		7,041		-
	-		-		-		-		-		-
	-		-		-		-		-		250,223
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		6,165		-
	181,865		35,642		-		379,721		68,633		763,740
	174,195		14,564		-		20,294		-		-
	-		-		-		-		-		-
	174,195		14,564		-		20,294		-		-
	142,784		17,396		319,603		513,322		-		-
\$	316,979	\$	31,960	\$	319,603	\$	533,616	\$	-	\$	-

**Schedule 6**

<b>Miscellaneous</b>		<b>Total</b>	
\$	1,108,077	\$	1,394,370
	-		1,773,428
	1,704,765		13,107,788
	276,591		276,591
	18,272		18,272
	-		763,740
	-		124,054
	3,107,705		17,458,243
	2,039,037		2,636,265
	662,082		1,564,647
	176,844		365,749
	232,923		232,923
	-		250,223
	-		11,133,390
	-		202,492
	(399)		285,100
			-
	(10,961)		639,424
	3,099,526		17,310,213
	8,179		148,030
	(25,765)		256,248
	(17,586)		404,278
	491,319		2,573,962
\$	473,733	\$	2,978,240

**IOWA CENTRAL COMMUNITY COLLEGE**

**AGENCY FUNDS**

**SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS**

**Year Ended June 30, 2012**

	<b>Athletics and Student Organizations</b>	<b>Retraining Program</b>	<b>Federal Direct Student Loan Program</b>
Balances beginning of year	\$ 108,907	\$ 363,017	\$ -
Additions:			
Tuition and fees	89,762	-	-
Federal and state appropriations	-	306,508	17,368,537
Sales and services	124,100	423	-
Interest on investments	-	1,459	-
Miscellaneous	1,878,142	-	-
<b>Total additions</b>	<b>2,092,004</b>	<b>308,390</b>	<b>17,368,537</b>
Deductions:			
Salaries and benefits	-	-	-
Services	291,228	275,758	17,368,537
Materials and supplies	726,689	-	-
Travel	405,515	-	-
Scholarships	821,390	-	-
Miscellaneous	20,799	-	-
<b>Total deductions</b>	<b>2,265,621</b>	<b>275,758</b>	<b>17,368,537</b>
Balances end of year	\$ (64,710)	\$ 395,649	\$ -

See accompanying Independent Auditor's Report.

**Schedule 7**

<b>Miscellaneous</b>		<b>Total</b>	
\$	639,221	\$	1,111,145
	541,222		630,984
	108,210		17,783,255
	348,838		473,361
	432		1,891
	159,510		2,037,652
	1,158,212		20,927,143
	96,021		96,021
	74,186		18,009,709
	197,776		924,465
	95,295		500,810
	51,871		873,261
	557,746		578,545
	1,072,895		20,982,811
\$	724,538	\$	1,055,477

**IOWA CENTRAL COMMUNITY COLLEGE**

**SCHEDULE OF CREDIT AND CONTACT HOURS**

**Year Ended June 30, 2012**

<b>Category</b>	<b>Credit Hours</b>		<b>Total</b>
	<b>Eligible for Aid</b>	<b>Not Eligible for Aid</b>	
Arts and Sciences	96,686	-	96,686
Vocational Education	46,567	-	46,567
Adult Education/Continuing Education	-	-	-
Cooperative Programs/Services	-	-	-
	143,253	-	143,253

See accompanying Independent Auditor's Report.

**Schedule 8**

<b>Contact Hours</b>		
<b>Eligible for Aid</b>	<b>Not Eligible for Aid</b>	<b>Total</b>
1,900,917	-	1,900,917
1,158,869	-	1,158,869
365,942	167,098	533,040
-	13,672	13,672
3,425,728	180,770	3,606,498

**IOWA CENTRAL COMMUNITY COLLEGE**

**SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES  
For the Last Ten Years**

	<b>Year</b>			
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Local (property tax)	<b>\$ 5,740,825</b>	<b>\$ 6,138,495</b>	<b>\$ 5,490,706</b>	<b>\$ 5,818,758</b>
State	<b>10,482,371</b>	<b>11,118,078</b>	<b>9,705,796</b>	<b>12,477,593</b>
Federal	<b>13,708,947</b>	<b>14,886,911</b>	<b>13,289,803</b>	<b>8,358,649</b>
<b>Total</b>	<b>\$ 29,932,143</b>	<b>\$ 32,143,484</b>	<b>\$ 28,486,305</b>	<b>\$ 26,655,000</b>

See accompanying Independent Auditor's Report.

**Schedule 9**

<b>Ended June 30,</b>					
2008	2007	2006	2005	2004	2003
\$ 3,540,724	\$ 3,557,131	\$ 4,326,970	\$ 3,716,759	\$ 3,667,753	\$ 3,690,385
11,495,819	10,588,190	10,232,644	8,436,420	8,146,823	8,031,162
6,249,882	5,588,092	6,545,688	6,420,694	6,253,707	5,763,056
\$ 21,286,425	\$ 19,733,413	\$ 21,105,302	\$ 18,573,873	\$ 18,068,283	\$ 17,484,603



# IOWA CENTRAL COMMUNITY COLLEGE

## SCHEDULE OF CURRENT FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION For the Last Ten Years

	Year			
	2012	2011	2010	2009
Revenues:				
State appropriations	\$ 10,427,406	\$ 10,363,645	\$ 9,596,735	\$ 11,564,261
Tuition and fees	22,660,862	22,102,687	19,758,110	17,473,089
Property tax	3,098,839	3,540,602	3,002,851	3,385,350
Federal appropriations	13,708,947	14,886,911	13,289,803	8,358,413
Sales and services	918,308	1,251,525	1,112,727	1,523,171
Interest on investments	65,123	65,424	72,115	278,197
Iowa Industrial New Jobs Training Program	763,740	908,341	979,649	1,910,326
Auxiliary enterprises	14,520,539	13,015,025	11,771,531	10,964,404
Miscellaneous	262,903	160,997	154,113	183,978
<b>Total</b>	<b>\$ 66,426,667</b>	<b>\$ 66,295,157</b>	<b>\$ 59,737,634</b>	<b>\$ 55,641,189</b>
Expenditures:				
Liberal arts and sciences	\$ 8,601,990	\$ 8,496,731	\$ 7,574,233	\$ 7,029,027
Vocational technical	7,281,811	7,129,584	6,391,435	5,837,171
Adult education	2,358,489	2,417,605	2,312,987	2,631,646
Cooperative services	1,400,502	1,696,712	2,236,022	3,618,142
Administration	1,663,080	1,428,079	1,554,076	1,243,654
Student services	5,309,594	4,883,545	4,510,205	4,402,589
Learning resources	579,986	571,816	443,646	293,612
Physical plant	5,243,191	4,860,216	4,497,508	4,081,440
General institution	7,959,589	8,912,742	8,300,325	7,813,078
Auxiliary enterprises	12,841,603	10,413,435	9,613,638	8,966,134
Scholarships and grants	12,011,007	12,173,416	9,533,501	6,297,795
Workforce Investment Act	68,633	102,334	109,075	95,476
<b>Total</b>	<b>\$ 65,319,475</b>	<b>\$ 63,086,215</b>	<b>\$ 57,076,651</b>	<b>\$ 52,309,764</b>

See accompanying Independent Auditor's Report.

## Schedule 10

Ended June 30,					
2008	2007	2006	2005	2004	2003
\$ 11,165,271	\$ 10,369,493	\$ 9,391,912	\$ 8,436,420	\$ 8,146,823	\$ 8,031,162
15,284,473	13,713,940	12,008,732	11,194,233	10,094,979	9,468,100
2,480,517	2,507,291	3,313,307	2,713,047	2,478,962	2,516,079
6,249,361	5,588,092	6,143,591	5,687,324	6,253,707	5,763,056
1,330,600	1,680,551	1,453,867	1,034,224	1,120,455	795,362
667,046	850,523	782,516	403,503	203,617	233,853
2,124,379	2,073,371	2,125,884	2,446,804	2,178,176	1,589,859
10,611,526	8,958,337	7,658,956	7,006,616	6,591,754	6,084,478
185,340	170,645	200,508	208,799	123,583	194,835
\$ 50,098,513	\$ 45,912,243	\$ 43,079,273	\$ 39,130,970	\$ 37,192,056	\$ 34,676,784
\$ 6,458,272	\$ 5,485,941	\$ 4,634,294	\$ 4,302,081	\$ 4,239,682	\$ 4,150,928
5,573,585	5,130,353	4,880,693	4,479,277	4,534,697	4,508,996
2,592,335	2,600,410	2,395,313	2,291,070	2,263,284	2,087,055
3,607,913	3,548,282	3,303,993	3,430,094	2,994,983	2,407,870
1,273,628	1,472,722	1,076,106	1,268,979	1,328,303	1,153,428
4,030,144	3,581,358	3,583,769	3,110,119	2,927,490	2,795,901
270,819	300,293	332,257	327,582	313,242	322,655
3,425,182	3,670,110	3,127,923	2,744,741	2,355,202	2,129,556
6,828,116	6,195,145	6,322,947	5,295,762	5,099,828	3,450,649
8,832,852	7,464,479	6,079,921	5,539,102	5,905,512	5,348,539
5,196,211	4,153,217	3,850,833	4,174,065	4,347,639	4,338,161
80,691	107,114	267,185	420,187	545,466	743,400
\$ 48,169,748	\$ 43,709,424	\$ 39,855,234	\$ 37,383,059	\$ 36,855,328	\$ 33,437,138

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2012**

<b>Grantor/Program</b>	<b>CFDA Number</b>	<b>Program Expenditures</b>	<b>New Loans and New Loan Guarantees</b>
Direct:			
U.S. Department of Justice:			
Congressionally Recommended Awards	16.753	\$ 235,635	\$ -
U.S. Department of Energy:			
Renewable Energy Research and Development	81.087	359,843	-
U.S. Department of Education:			
Student Financial Aid - cluster:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	202,492	-
Federal Direct Student Loans	84.268	-	17,368,537
Federal Work-Study Program (FWS)	84.033	108,210	-
Federal Pell Grant Program	84.063	11,133,390	-
Federal Academic Competitiveness Grant	84.375	-	-
		11,444,092	17,368,537
TRIO Student Support Services	84.042	247,714	-
Fund for the Improvement of Postsecondary Education	84.116	-	-
<b>Total direct</b>		12,287,284	17,368,537
Indirect:			
U.S. Department of Labor:			
Indirect through Iowa Workforce Development:			
WIA-Adult Program - Title 1	17.258	1,362	-
Employment Service/Wagner-Peyser Funded Activities	17.207	3,862	-
Unemployment Insurance	17.225	11,350	-
WIA-Youth Activities	17.259	4,750	-
WIA-Dislocated Workers	17.260	2,613	-
Trade Adjustment Assistance	17.245	1,492	-

(Continued on next page)

**IOWA CENTRAL COMMUNITY COLLEGE**

**Schedule 11  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012**

<b>Grantor/Program</b>	<b>CFDA Number</b>	<b>Program Expenditures</b>	<b>New Loans and New Loan Guarantees</b>
Indirect (Continued):			
U.S. Department of Labor (Continued):			
Indirect through Iowa Workforce Development (Continued):			
Incentive Grants - WIA Section 503	17.267	\$ 38,852	\$ -
State Energy Sector Partnership	17.275	303,686	-
Disabled Veterans' Outreach Program (DVOP)	17.801	300	-
Employment and Training Administration Pilots - New Iowan Center	17.261	1,739	-
U.S. Department of Commerce:			
Indirect through Iowa State University:			
Manufacturing Extension Partnership - CIRAS	11.611	119,245	-
U.S. Department of Education:			
Indirect through the Iowa Department of Education:			
Adult Education - Basic Grants to States	84.002	166,693	-
Career and Technical Education - Basic Grant to States:			
Title II-B Program Improvement	84.048	395,839	-
Retention and Graduation of Students	84.048	4,060	-
Health Science - POS Grant	84.048	-	-
Vocational Prep Corrections	84.048	10,490	-
		410,389	-
Indirect through the Iowa Department of Corrections:			
Title I Corrections	84.013	30,000	-
U.S. Department of Health and Human Services:			
Indirect through Iowa Workforce Development:			
Promise Jobs	93.558	10,282	-

(Continued on next page)

## IOWA CENTRAL COMMUNITY COLLEGE

Schedule 11  
(Continued)SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012

<b>Grantor/Program</b>	<b>CFDA Number</b>	<b>Program Expenditures</b>	<b>New Loans and New Loan Guarantees</b>
Indirect (Continued):			
U.S. Department of Homeland Security:			
Indirect through the Eastern Kentucky University:			
State and Local Homeland Security			
National Training Program	97.005	\$ 315,048	\$ -
<b>Total indirect</b>		1,421,663	-
<b>Total</b>		<u>\$ 13,708,947</u>	<u>\$ 17,368,537</u>

Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Iowa Central Community College and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying Independent Auditor's Report.

**IOWA CENTRAL COMMUNITY COLLEGE**

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Iowa Central Community College  
Fort Dodge, Iowa

We have audited the accompanying financial statements of Iowa Central Community College, Fort Dodge, Iowa, and the discretely presented component unit as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements listed in the table of contents, and have issued our report thereon dated December 22, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Iowa Central Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Iowa Central Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Iowa Central Community College's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Iowa Central Community College's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Iowa Central Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Iowa Central Community College's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the College's responses, we did not audit Iowa Central Community College's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Iowa Central Community College and other parties to whom Iowa Central Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Central Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Fort Dodge, Iowa  
December 22, 2012

**IOWA CENTRAL COMMUNITY COLLEGE**

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE  
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT  
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A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
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To the Board of Directors of  
Iowa Central Community College  
Fort Dodge, Iowa

**Compliance**

We have audited the compliance of Iowa Central Community College, Fort Dodge, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Iowa Central Community College's major federal programs for the year ended June 30, 2012. Iowa Central Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Iowa Central Community College's management. Our responsibility is to express an opinion on Iowa Central Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Iowa Central Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Iowa Central Community College's compliance with those requirements.

In our opinion, Iowa Central Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

### **Internal Control Over Compliance**

The management of Iowa Central Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Iowa Central Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Iowa Central Community College's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Iowa Central Community College's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the College's responses, we did not audit Iowa Central Community College's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Iowa Central Community College and other parties to whom Iowa Central Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Schmidt Company LLP". The signature is stylized and cursive.

Fort Dodge, Iowa  
December 22, 2012

**IOWA CENTRAL COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012**

**Part I: Summary of the Independent Auditor's Results**

- (A) An unqualified opinion was issued on the financial statements.
- (B) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (C) The audit did not disclose any noncompliance which is material to the financial statements.
- (D) No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (E) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (F) The audit disclosed no audit findings that were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (G) Major programs were as follows:
  - Student Financial Aid - Cluster:
    - CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grants
    - CFDA Number 84.033 – Federal Work-Study Program
    - CFDA Number 84.063 – Federal Pell Grant Program
    - CFDA Number 84.268 – Federal Direct Student Loans
  - CFDA Number 17.275 – Program of Competitive Grants for Worker Training and Placement
  - CFDA Number 97.005 – State and Local Homeland Security National Training Program
- (H) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (I) Iowa Central Community College qualified as a low-risk auditee.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2012**

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NONCOMPLIANCE:**

No matters were reported.

**SIGNIFICANT DEFICIENCIES:**

- II-A-12 Satellite Campus Receipt Controls - An important aspect of internal control is the segregation of duties among employees so that the activities of one employee act as a check on those of another. No employee should be responsible for an entire transaction cycle.

The Community College's satellite campuses collect receipts for tuition and fees, book sales and miscellaneous revenues. Due to the limited number of staff at each center, receipts may be collected, recorded and deposited by the same individual.

While it is recognized that many methods of achieving good internal control are not adaptable to a small staff, some degree of effective control may always be obtained by appropriate organization or strengthening supervisory control procedures.

Recommendation - The Community College should review procedures in an effort to improve supervisory control over satellite campus receipts.

Response - Every effort is made to maintain efficient controls and still be cost effective at the satellite centers. Since June, 1993, tuition and fees (representing the majority of the revenue collected at any satellite center) are determined at the Webster City Center by means of the on-line registration process tied to the Student Billing System on the mainframe computer at Fort Dodge. Since May, 1996, tuition and fees (representing the majority of the revenue collected at any satellite center) are determined at the Storm Lake Center by means of the on-line registration process tied to the Student Billing System on the mainframe computer at Fort Dodge.

Discussion and review of receipting procedures take place periodically with supervisory staff at the centers.

Conclusion - Response accepted.

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE AND SIGNIFICANT DEFICIENCIES:**

No matters were reported.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2012**

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-12 Certified Budget - Expenditures for the year ended June 30, 2012 did not exceed the amounts budgeted.
- IV-B-12 Questionable Expenditures - No expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-12 Travel Expense - No expenditures of Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted.
- IV-D-12 Business Transactions - No business transactions between the Community College and Community College officials or employees were noted.
- IV-E-12 Bond Coverage - Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-F-12 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-12 Publication - The Community College published a statement showing the receipts and disbursements of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- IV-H-12 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.
- IV-I-12 Credit/Contact Hours - Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Central Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



Fort Dodge, Iowa  
December 22, 2012